

**Concurrence of  
Commissioner Susan P. Kennedy**

**Item 37: Energy Efficiency Savings Goals**

**September 23, 2004**

California has long been recognized as a national leader in energy efficiency. Over the past 20 years, we have managed to maintain per capita electricity usage virtually constant, while elsewhere in the nation the per capita usage has grown by nearly 50%.

The electricity crisis taught us that Californians could achieve savings that we initially thought were impossible through conservation and energy efficiency measures.

Despite our significant accomplishments, we have been measuring the success of our energy efficiency programs in a way that makes very little sense.

We have not been looking at how much savings are possible in the state.

Instead, our success in energy efficiency has been measured by how many dollars we push out the door, by how geographically diverse the funding allocations is, and by how many entities received funding.

This is a little bit like measuring the success of a baseball team by its payroll.

The Energy Action Plan, adopted by this Commission, the California Energy Commission and the California Power Authority, identifies reduction of energy use per capita as the Number One priority in meeting California's incremental increase in energy needs over the next decade. California is already the most energy efficient state in the country on a per capita basis, yet we decided to establish a goal of reducing per capita electricity use even more.

This is not an easy task. But it is achievable.

So today's decision --- for the first time --- establishes annual savings goals for our energy efficiency portfolio. It also --- for the first time --- establishes cumulative goals for the rest of this decade.

If we achieve these goals, the savings from all energy efficiency programs will meet 55% to 59% of the IOUs' incremental electric energy needs between 2004 and 2013.

Let me give you a more concrete example of what this means. If there were no additional energy efficiency going forward, then to meet the incremental electric needs of the state, we might have to build 10 new power plants. But with the goals we establish today, we will only need to build 5 of those power plants, because the rest of our growing electric needs will be met with energy efficiency.

This is before we add in renewables and demand response programs.

That is what makes these goals the most aggressive in the nation.

They are aggressive, but realistic.

They are "stretch tools" which expect increased energy efficiency savings for each of the IOU service territories every year, based on studies of the maximum achievable savings, consideration of the associated funding ramp-up rates, and various other factors.

Moreover, we are setting equally aggressive savings goals for natural gas.

Specifically, the goals contained in this decision reflect an increase in savings by 244 therms over the current level of 210 thousand therms --- a 116% increase in expected savings over the next decade.

Finally, during today's meeting one of my colleagues stated that these savings goals should be part of the Integrated Resource

R.01-08-028

D.04-09-060

Planning models used by the utilities. Another colleague stated we should be increasing the goals for natural gas as much as possible because of the shrinking supply of natural gas. I wholly support these comments, and appreciate the interest my colleagues have expressed in these issues.

Today's decision recognizes that although this state has long been a national leader in energy efficiency, we cannot afford to rest on our laurels. We have to continue pushing ourselves to achieve ever-greater success.

/s/ SUSAN P. KENNEDY

September 23, 2004

San Francisco, California